

President's News Conference on Foreign and Domestic Matters

Following is a transcript of President Reagan's news conference at the White House yesterday, as recorded by The New York Times.

OPENING STATEMENT

I have an opening statement, as you've been told, and then a comment that I'd like to make. In my State of the Union address, I said the time had come to control the uncontrollable and runaway Government spending, and I also indicated that I would be announcing further measures to achieve this goal. Today I am making such an announcement. The need for the step I am taking is clear. Our Government is spending money at a rate that is intolerable, if not incomprehensible. Almost \$2 billion a day, \$1.4 million a minute and about \$23,000 a second, and if I could estimate correctly how long it took me to get in here, I'd tell you how much was spent during that time, but then you'd find me wrong, so I'll leave it to you. The interest on our national debt alone is greater than the entire budget of many countries and simply not right. It's a squander money that our grandchildren will be held accountable for. We must reverse the process.

Cost-Control Survey

As an important step in this direction, I am announcing the establishment of the Private Sector Survey on Cost Control in the Federal Government. This Presidential initiative will be conducted by outstanding experts from the private sector. They will report directly to me, and I've made it clear that in examining Government efficiency I expect them to roll up their sleeves and search out waste and inefficiency wherever it is to be found in the Federal establishment.

This is not going to be just another blue-ribbon ornamental panel. We mean business and we intend to get results. Members of the survey will be responsible for an in-depth review of the entire Executive branch of Government, working with the Inspector General and the Council on Integrity and Efficiency, which have provided an inside look at how we can improve the management of the Executive branch. The Private Sector Survey will give us an objective outsider's view on program management and reducing Federal costs.

Special emphasis will be placed on eliminating overlap, red tape and duplication, identifying nonessential administrative activities and increasing management effectiveness. In a few days, I will announce the names of distinguished Americans who will serve as the chairmen and members of the executive committee of the survey. All of them will be proven leaders in their fields, and they will bring know-how and a no-nonsense, results-oriented approach to this crucial undertaking. In addition, if they will offer their services as unsalaried volunteers.

Our evaluation will begin with the Departments of Defense, Health and Human Services, and Housing and Urban Development. In addition, we will examine major agencies and will give a detailed evaluation.

This will be the largest effort of its kind ever mounted to save the taxpayers and improve the working of Government. The American people deserve to know it's their money that the Government is spending in such oversized amounts too often unwisely and wastefully.

I will ask the Congress to cooperate.

Comment on Economy
Now, if you don't mind, I'm going to make a comment on the economy. A year ago, I went before the American people to say that we'd inherited the worst economic mood in half a century. Inflation and interest rates were both at towering levels, unemployment was far too high and the economy seemed almost stagnant.

Since then we have made progress on many fronts. Inflation, our number one enemy, came down by nearly 30 percent last year and it's still falling. With the help of the Congress, we've begun laying a foundation for sustained economic growth. With the help of the Congress, we're going to keep that up, but obviously we aren't out of the woods yet. There'll still be some difficult things ahead, but at least we're heading toward a clearing.

One of my major concerns today is high interest rates. They hurt everyone — people who must borrow, families who want to buy a new home, businesses struggling to get ahead. High interest rates present the greatest single threat today to a healthy, lasting recovery.

The high level of current interest rates reflects two concerns in the financial community — some fear that the Federal Reserve Board is reacting to the inflationary monetary policies of the past; others worry that this Administration is reacting to the inflationary budget deficits. Well, I want to make it clear today that neither this Administration nor the Federal Reserve Board will allow a return to the fiscal and monetary policies of the past that have created the current conditions. I have met with Chairman Volcker several times during the past year. We met again earlier this week. I have confidence in the sound policies of the Federal Reserve Board. The Administration and the Federal Reserve will help bring inflation and interest rates down faster by working together than by working at cross-purposes. This Administration will always support the political independence of the Federal Reserve Board.

We also support the Federal Reserve's 1981 monetary program, which are fully consistent with the Administration's economic projections for the coming year.

At the same time, I am sensitive to the need for a responsible fiscal policy to complement a firm anti-inflationary program. In order to conserve the resources of my Presidency to keeping deficits down over the next several years, I am confident that by pursuing a prudent course of sound fiscal and monetary policies inflation will continue to decline, interest rates will fall and the economy will enjoy sustained economic growth.

And now, Jim, I can't think of anything else to say, so you can ask the first question.

QUESTIONS AND ANSWERS

Troops to El Salvador

Q. Mr. President, the Secretary of State has said that the United States will do whatever is necessary to head off a guerrilla victory in El Salvador, and that the mood of the American people should not necessarily determine our course there. Do you agree with that statement, and under what conditions would you send combat troops to El Salvador?

A. Well, once again, Jim, we get into an area. There are all kinds of options — economic, political, security and so forth — that can be used in situations of this kind. And as I've said before, I just don't believe that you discuss those options, or what you may or may not do, in advance of doing the things. Except that I will say, last time, that some misadventures, there are no plans to send American combat troops to action any place in the world.

Q. If I may follow that up, can you just envision any circumstances under which we would be sending U.S. combat troops to El Salvador?

A. Well, maybe if they dropped a bomb on the White House I might get mad.

Changes in Budget

Q. Mr. President, your 1983 budget, with its \$90 billion deficit, has received little support from Congress so far. Even your allies are urging you to raise taxes — to raise taxes, postpone the tax cuts, or to cut defense spending. Will you agree to any of these proposals, and if you will not, how can you expect to pass the package this year in Congress?

A. Well, I'm hoping that some of them might soften their attitudes after they've been heard on the Lincoln Day dinners and things, and have heard from the folks back home. Because I think there's widespread support for continued cutting of Government spending. I think there's also pretty widespread support on the part of the people for restoring our ability to serve our national security, which had been allowed to deteriorate so badly over the past few years.

And I also believe that to abandon our tax policy now would be to give up a very fundamental thing that is required to expand our economy, to create the jobs that we must have for the increased number of unemployed, and thus by expanding the economy, we're actually adding the Government's revenues not by larger assessments on individuals but by having a broader base and more people paying taxes.

So I just think that either one of those two — defense or the tax policy — we ourselves have agreed that there

are areas — the tax structure, and I've spoken of this before — which, if unattended by those who created the tax regulations and policies, there were those who were responsible for the tax burden they should pay, we're going to try to close some of those things that are being abused, and under what conditions would you send combat troops to El Salvador?

Stand on Nicaragua

Q. Mr. President, have you approved of covert activity to destabilize the present Government of Nicaragua?

A. Well, no, we're supporting them, that's all. I've said that before, a minute, I'm sorry, I was thinking of Salvador, because of the previous, when you said Nicaragua. Here again, there are no plans to send American combat troops to action any place in the world.

Q. If I may follow that up, can you just envision any circumstances under which we would be sending U.S. combat troops to El Salvador?

A. Well, maybe if they dropped a bomb on the White House I might get mad.

Changes in Budget

Q. Mr. President, your 1983 budget, with its \$90 billion deficit, has received little support from Congress so far. Even your allies are urging you to raise taxes — to raise taxes, postpone the tax cuts, or to cut defense spending. Will you agree to any of these proposals, and if you will not, how can you expect to pass the package this year in Congress?

A. Well, I'm hoping that some of them might soften their attitudes after they've been heard on the Lincoln Day dinners and things, and have heard from the folks back home. Because I think there's widespread support for continued cutting of Government spending. I think there's also pretty widespread support on the part of the people for restoring our ability to serve our national security, which had been allowed to deteriorate so badly over the past few years.

And I also believe that to abandon our tax policy now would be to give up a very fundamental thing that is required to expand our economy, to create the jobs that we must have for the increased number of unemployed, and thus by expanding the economy, we're actually adding the Government's revenues not by larger assessments on individuals but by having a broader base and more people paying taxes.

So I just think that either one of those two — defense or the tax policy — we ourselves have agreed that there

economy is going to begin to turn around by the end of the spring, beginning of the summer? Or do you believe, as your Budget Director, David Stockman, said in testimony yesterday, that it may be late summer or early fall?

A. Well, I'm not going to pick any particular month or anything and then find myself having to be held to that. Many figures are very volatile when you're coming out of a recession or bottoming out in a recession. First of all, volatile enough that I think all of us were caught by surprise by the recession.

I do believe that we have a program in place, that there are indices already, that give reason to believe that things are going to get better. For example, in December and January, the increase in permits for building houses had gone up; there was a sixteenth of a percent rise in a group of the economic indicators, and that was the first rise after quite a long period of decline; the inflation rate, which is well down on a date. You know, remember, I'm just going to tell you that I believe, in these months ahead and the coming year, I believe we're going to see the recession bottomed out and we're going to see interest rates begin to fall, and we're going to see a beginning of a return to normalcy, the beginning signs of recovery.

Q. You're not certain that it will happen by the end of this spring?

A. I'm just not going to be pinned down on a date. You know, remember the last time I didn't seem to look this way very much.

Cutting Interest Rates

Q. Mr. President, you just spoke about cooperation between your Administration and the Fed to get interest rates down. In fact, yesterday there was an increase in interest rates. What concrete actions are you going to take, or do you plan to take, to accomplish the lowering of interest rates? And will we ever see single-digit interest rates again?

A. Yes, I'm positive we will. But inflation is one of the causes of interest rates going up, and anyone who's lending money has to compensate the interest he charges for the depreciated value over the period of time of that money, based on the inflation rate. So, as we continue to reduce inflation, we will be working toward bringing down interest rates. And the other things have been just the general improvement in the economy, is going to contribute to that, Sarah?

Civil Rights Choice

Q. Mr. President, sir, you recently named a man from Philadelphia, a fundamentalist preacher, to the Civil Rights Commission, and he says that he's against certain civil rights legislation, against equal rights for women. I wonder if you knew this when you named him, because your people who name people in the appointments section, did not notify the Pennsylvania Senator that he was going to be named, nor did they notify him of his views, so now you're blocked in the Senate from getting a confirmation. Don't you think you should take a look — you've had a hard time with appointments — don't you think you ought to take another look at your appointments section?

A. Well, Sarah, I think they've done a good job. And he is not against equal rights, he specifically stated that he is for equal rights for women. He just happens to be opposed to the E.R.A., as a method of getting them. Well, I happen to have that same position.

Q. Well, that's what he said. A. Well, that's what he said. A. Well, that's what he said. A. Well, that's what he said.

Q. Well, I think that's what he said. A. Well, that's what he said. A. Well, that's what he said. A. Well, that's what he said.

Q. Well, I think that's what he said. A. Well, that's what he said. A. Well, that's what he said. A. Well, that's what he said.

El Salvador Policy

Q. Mr. President, although you have no plans to send combat troops to El Salvador, plans can be developed quickly to send them. Do you have a method of getting them. Well, I happen to have that same position.

Q. Well, that's what he said. A. Well, that's what he said. A. Well, that's what he said. A. Well, that's what he said.

Q. Well, I think that's what he said. A. Well, that's what he said. A. Well, that's what he said. A. Well, that's what he said.

Outlook for Economy

Q. Mr. President, this is on another subject. How certain are you that the

job, and sorry that the Senator didn't hear about it until you'd all broadcast the information. Yeah, Gary?

Budget Compromise

Q. Mr. President, if we could come back to your dealings with Congress on the budget. Coming out of the White House after meeting with your secretary, Congressman Michel, Senator Sulzer is going to make a statement that you were in some kind of position going to deal or compromise with Congress on the budget. Is that correct?

A. I can't answer your question for the same reason I couldn't answer George's — I just can't answer on that. There's a lady in the very back row.

ing by on bicycles and throwing pipe bombs at them, and then they were permitted to carry sidearms or wear uniforms, but it was totally a program until John F. Kennedy, when these attacks and forays became so great, that John F. Kennedy authorized the sending of a division of Marines, and that was the first move toward combat moves in Vietnam. So I don't think there's any parallel there between covert activities of anything.

Q. Mr. President, might there not be a secret plan that you will not tell the American people about?

A. I can't answer your question for the same reason I couldn't answer George's — I just can't answer on that. There's a lady in the very back row.

Farm Problems

Q. Mr. President, you hear of the plight of the housing and the automotive industry almost daily, but we don't hear much about the problems in the agricultural sector, which has been in the worst straits it's been in since the Depression of 30 years ago. Forty-two Congressmen have asked for a meeting with you to discuss the farm problems, and they've just been notified that you don't have time on your schedule to see them. Also, would you support the market-oriented agricultural policies that your Secretary of Agriculture supports?

A. I have repeatedly said that the only way I would consider a grain embargo would be as a part of an across-the-board embargo; that we will not, again, make what I thought was a mistake earlier and penalize one sector of our industry — the farmers — by just using that as an embargo item. So we will not do that.

I don't know what the schedule problem is, but I can't believe that they permanently turned those gentlemen down. Maybe they couldn't okay the meeting at the time they wanted it. But I am very sympathetic to the farm — the agricultural — industry, because I don't know of any industry that's been harder hit by the cost-price squeeze than the American farmer. And we're doing everything we can to stimulate foreign markets for them. We have just recently had some good news from one of our trading partners, Japan, which has had a different set of rules in regard to import and has not added by our own certification of agricultural products. And they have agreed now to accept our own Department of Agriculture certification. So we are making some progress in trying to help them. You're right about this: they are in a bad way, and have been for some time.

Secret Strategic Plans

Q. I'm sorry, but I'd like to go back to Latin America and El Salvador. In the 1980's the C.I.A. came up with a secret plan to get us involved in Vietnam in a surreptitious, covert manner. And it is possible that you can tell us there is no secret about this, as advised by the C.I.A. or any other agency in Government to surreptitiously in Latin America, and in similar activities in a surreptitious, covert manner. And it is possible that you can tell us there is no secret about this, as advised by the C.I.A. or any other agency in Government to surreptitiously in Latin America, and in similar activities in a surreptitious, covert manner.

Date on Recovery

Q. Mr. President, I know you say that you're not going to be pinned down to a date as to when economic recovery will begin. But the fact is that you and your economic spokesmen have been saying for some time that the recovery would occur by late spring, and that it would be brisk, that it would be a substantial recovery. Now, do you want to leave this room with just your statement saying that, "I believe in the spring, and in the coming year we'll see the recession bottomed out?" Don't you think that indicates that you and your economic spokesmen have less confidence now than you did just a month ago in the prospect for an early and brisk recovery?

A. No, there's been no change in our position about the economy. We're simply trying to be — and I'll coin a phrase here — I've never used before, cautiously optimistic. We think this is far better with the — sometimes the overblown or exaggerated claims that come with remarks that come out that we would rather err on the side of caution than err on the side of too much optimism. But the program is in place. It's in place, and we're asking for Congress to give us the authority to continue to reduce in government spending, or they can themselves set back the recovery. Yeah?

Expanding Exports

Q. Mr. President, muchas gracias. The Center for Export Information has researched that Hispanic minority business enterprise is ready to launch

a national crusade for export expansion. I wonder if you believe this is a good idea in order to create thousands of jobs for our unemployed, and I wonder if you want to use your persuasion and constructive and dynamic leadership in order to increase and to carry out a more aggressive export policy. And if you can assure me that the people who support you are not going to be accused of supporting an [unintelligible].

A. I think you'll find next week, that I address I make to the Organization of American States, that there will be some answers to your questions with regard to not only export but the economy, particularly where it involves our American Hispanics. Not only those in our own country, but in our neighboring countries here.

France and NATO

Q. Mr. President, it has been leaked, I'm not sure, that you are going to Europe — you will attend a NATO meeting and that some major initiatives will be taken by you. Could you please tell me, would you be considering reinviting France to join NATO, especially in view that Spain is joining NATO this spring, and would increase the strength of NATO and unify Western Europe?

A. I don't know the agenda for the meeting. France has continued to work with the alliance in every way except with regard to its own security and military situation. I'd be happy to discuss that with President Mitterrand at any time that he wanted to, but I don't have any plans for urging them to change what so far has been their present policy.

Weapons to Nicaragua

Q. Mr. President, does the United States have solid evidence of increased movement in arms from Russia through Cuba to Nicaragua and other places in Central America? If so, will you do about it?

A. We are convinced by the evidence that the arms that are flowing into Nicaragua are coming by way of Cuba. In their connection with the Soviet, they have shipped in a great tonnage of arms this last year than they have at any time since the Cuban missile crisis. And we know that the Nicaraguan Army is of tremendous size, beyond anything that they might need for possible defense. But again, we — I won't go beyond that because, again, next week — and Bill, I didn't say by name because I thought you both might have the same name — then I'd be in trouble.

Soviet Arms to Cuba

Q. I'd like to follow that question. In 1962 between President Kennedy and Khrushchev that ended the Cuban missile crisis provided that the Russians would not have the future introduced offensive weapons into Cuba. Some of the weapons recently introduced like MIG's may classify as offensive weapons. Do you believe that the Soviets in Cuba are abiding by the undertakings that most of the offensive weapons are not to be introduced into Cuba?

A. Again, you're talking on a subject that is under review and discussion. I would rather not answer that question now.

Contraceptives to G.I.'s

Q. There are 6,000 17-year-olds in the Navy and Marine Corps. As their Commander in Chief, how will you implement the Schweiker contraception policy? Jerry Speakes said it was your policy. This is the policy that says that all those under 18 who obtain contraceptive through a federally financed clinic will be reported to their parents within 10 days. Will ships' captains have this responsibility or the medical?

A. I'm happy to say that I would be delighted to turn that over to Cap Weinberger and the Secretary of Health and Human Services.

Q. His spokesman was left at the question, Mr. President — he doesn't know.

Continued on Following Page